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E.O. 12958: DECL: TEN YEARS
TAGS: [PGOV](#) [PREL](#) [EC](#)
SUBJECT: WAY FORWARD WITH THE CORREA GOVERNMENT

Classified By: PolChief Erik Hall for reasons 1.4 (b&d)

¶1. (C) Summary: President-elect Correa's initial statements appear to signal openness to dialogue and some moderation of his early campaign rhetoric, although areas of potential tension clearly remain. The new Congress will be composed of mainly new faces, with a dramatically different party makeup.

Our signals to the Correa administration, especially President Bush's congratulatory call, have helped to foster a climate of mutual respect between our governments. Sustaining that positive climate is essential to preserve important security cooperation equities and to maximize the possibilities for cooperation in a range of areas of mutual benefit. We recommend offering the same open hand to Congress, in the hope that our assistance can help break Ecuador's destructive cycle of political instability.

¶2. (C) We are under no illusions that USG efforts alone will shape the direction of the new government or Congress, but hope to maximize our influence by working in concert with other Ecuadorians and groups who share our views. Correa's reform proposals and attitude toward Congress and traditional political parties, if unchecked, could extend the current period of political conflict and instability. Nonetheless, using transformational diplomacy tactics and working in concert with allies in the donor community, private sector, and civil society, there are many areas where we hope to work productively with a Correa government to serve mutual interests. Our tactics must include both public and private diplomacy, and wherever possible offer concrete positive incentives. We offer initial ideas on key themes below, for the Department's consideration. To protect core interests, however, we have also identified "redlines" which, if crossed, should trigger an appropriate USG response. End Summary.

Democracy: Strengthen Congress; Promote Stabilizing Reform

¶3. (C) Correa ran on an anti-Congress platform and Congress consistently polls as one of the institutions in which people have the least confidence. With Congress at a low point in public esteem, it is vulnerable to dissolution by the unbounded Constituent Assembly proposed by Correa. The new Congress will be composed of new faces (only 13 of 100 were re-elected) and newer parties, none of whom directly represent Correa's PAIS movement (note: he chose not to run candidates for Congress). Without technical assistance and support, the newcomers are likely to stumble, compounding public skepticism and increasing public sentiment in favor of dissolution of Congress.

¶4. (C) Programmatic assistance and private diplomacy will be key to preventing the dissolution of Congress. DRL funding will allow the National Democratic Institute to offer limited technical assistance to boost the professionalism of the new Congress. The Carter Center is considering offering mediation expertise to help the new Congress head off a confrontation with the incoming Executive, but how such an initiative would be funded is an open question. Through private diplomacy with Correa and key ministers, we hope to encourage Correa to stay within constitutional bounds while promoting political reform. We will also open channels of communication with the incoming Congress to encourage dialogue and compromise to promote stabilizing reforms, offering an alternative to Correa's more risky Constituent Assembly. These congressional reforms might include congressional election by district to improve representation; and ensuring the independence of other branches of government including reforming the Constitutional Court and Supreme Electoral Tribunal, and preserving the current Supreme Court, constituted under international community and national observation. If the new Congress acts quickly and boldly, it would gain badly needed credibility and undermine momentum for the risky, potentially destabilizing constituent assembly.

¶5. (C) Our public diplomacy would include visible USG support to strengthening congressional professionalism and capacity (through generic training on roles and functions, leadership and agenda setting; and joint events), while encouraging others to help. Similar efforts from Chile and Spain would be particularly useful, given the high regard in Ecuador for their success and traditional fraternal relations between the countries. We will also encourage greater dialogue between U.S. and Ecuadorian legislators, beginning with CoDel Reid in late December; Correa views the Democratic Party in positive terms, positioning our new Congressional leadership to play an important role in communicating broadly-backed USG interests. Our public outreach efforts will stress the importance of an independent legislative branch.

¶6. (C) Markers: Successful Executive branch-Congressional consensus on early legislation; civil society participation in reform dialogue; civil society oversight of Congress in return for technical assistance provided.

¶7. (C) Redlines: Correa dissolves Congress; takes action that provokes a constitutional crisis; or attempts to concentrate disproportionate power in the Executive branch.

Preserve/Enhance Cooperation Against Transnational Threats

¶8. (C) The GOE currently cooperates in the fight against narcotics trafficking and terror, and has respected the terms of the Manta Forward Operating Location (FOL) which serves mutual CN interests. During the campaign and since the election, President-elect Correa has repeatedly and unambiguously affirmed he would not renew the agreement when the lease expires in November 2009. Correa has not endorsed calls by some to close the FOL before the lease expires, but he has linked GOE CN cooperation to the extension of ATPDEA trade benefits. Expiration of those benefits or a sense by Correa of overly strong-armed conditionality could create pressures on him to abrogate the FOL agreement. For the moment, Correa privately pledges to continue other cooperation to combat narco-trafficking.

¶9. (C) We should hold Correa to his word, while closely monitoring the effectiveness of Ecuadorian security forces, especially the USG-supported special units dedicated to CN, CT, anti-TIP and anti-alien smuggling operations. To have any hope of renewing the FOL agreement in 2009, we need to improve public knowledge and opinion of how the FOL benefits Ecuador. While most Ecuadorians are ignorant of the FOL's mission and its benefits, anti-FOL rhetoric from a variety of sources, including Correa, has created a public diplomacy challenge for us. To keep USG options open on renewal, we

need to counter public ignorance and hostility with an effective public education campaign.

¶10. (C) In conjunction with a coordinated public diplomacy campaign of interviews, article placement and tours, we will engage not only central government players (i.e. Correa, MFA and military), but also regional political and opinion leaders. Themes will focus on the benefits of the FOL to Ecuador as a whole in protecting Ecuadorian sovereignty against inroads by Colombian narco-terrorists, the growing negative impacts of drugs on Ecuadorian youth and crime rate, and the local benefits which accrue to Manabi province in particular. The U.S. military role is one of assisting the Ecuadorian military to meet its mandate of monitoring national territory, and operations from the FOL are strictly in accord with the original terms of the agreement and exclusively focused on the limited counter-narcotics mission.

¶11. (C) Markers: Selection of police leadership, including commanding general, head of personnel Anti-Narcotics Directorate; rhetoric about drug war and combating narco-trafficking through Ecuador; treatment of specialized units)ability to operate, selection of commanders; Backsliding on TIP; undermining USAID ability to conduct development work in northern and southern border development regions; temporary grounding by Ecuadorian Air Force of flights from the FOL based on disputes over operational issues.

¶12. (C) Redlines: Dissolution of specialized police units, to include vetted units, but also specialized units, such as COAC (smuggling, TIP) & GEMA (CN). Any attempt to hinder special operations against narcotics traffickers or terrorists; premature termination of the FOL agreement before its expiry in November 2009; harassment of U.S. military personnel or DEA.

Promote Military Restructuring and Respect for Constitution

¶13. (C) Other aspects of security engagement include encouraging the military to implement the recently released Defense White Paper, including by further deploying along the northern border to cut off narco-terrorist influence and transit. We should also encourage military modernization and deployment to confront these new national security threats from narco-trafficking and narco-terrorism, while removing the military from civilian political or economic spheres.

¶14. (C) Should Correa decide to place a civilian Minister of Defense (MOD) in charge of the Armed Forces, this presents the USG with multiple opportunities to engage and influence the GOE on military matters. DOD's Center for Hemispheric Defense Studies and Center for Civil Military Relations are singular assets in the security cooperation arena and both have proven track records assisting previous Minister of Defense Jarrin on the military reform agenda and could be valuable tools for a neophyte civilian MOD looking to broaden and deepen much needed military reform. Assisting in these endeavors could go far to allaying fears within the Ecuadorian left that our mil to mil agenda rests solely on cajoling them to put more effort into securing the northern border and participating more in counter narcotics operations.

¶15. (C) Markers: Harsh political reaction to Colombian resumption of fumigation within 10 km of Ecuadorian border, and/or to Colombian hot pursuit incursions into Ecuador. Selection of Minister of Defense, Chief of Defense and service chiefs.

¶16. (C) Redlines: Ecuadorian military action against Colombian troops or GOE pursuit into Colombian territory. Disavowal of the military role combating narcotrafficking, unless adequately replaced by police forces. Military complicity in any irregular change of government.

Promote Competitiveness and Development

¶17. (C) With prospects for a Free Trade Agreement limited under Correa, our efforts to promote Ecuador's development should shift toward more incremental reforms to promote competitiveness and diversification, while encouraging Correa to follow responsible and sustainable macroeconomic policies.

Areas potentially ripe for cooperation with a Correa government include labor law reform, anti-monopoly law promotion, microfinance, and agricultural diversification. We might also be able to work on other USG interests, such as an Open Skies agreement, if we demonstrate how these reinforce Correa's objectives. Energy sector cooperation will remain highly problematic in the wake of the hydrocarbons law and caducity of Occidental Petroleum and talk by Correa's economic team that the new government will be require contract renegotiation even beyond those required by the revised hydrocarbons law. Correa's talk of renegotiating Ecuador's foreign debt and of forcing major changes on the banking sector are also areas of concern.

¶18. (C) Alternative development of the Northern Border region, USAID democracy and competitiveness projects, PL-480 programs, Peace Corps, and other efforts will continue as long as the GOE continues to accept our help. To maximize the benefit of this assistance, we will re-double efforts to publicize the continuing (shrinking but still substantial) financial assistance the USG provides Ecuador. We will encourage the Correa administration to work with multilateral lenders to address economic and social priorities and overcome short-term financing restraints, rather than default on debt or dismantle petroleum reserve funds. We will ramp up our economic transformational diplomacy efforts to explain to the broader public the need to improve competitiveness and take advantage of globalization.

¶19. (C) Marker: Direction of macroeconomic policies: fulfillment of campaign pledges while maintaining stability, or pursuit of unsustainable policies that could force Ecuador off the dollar. Energy policy: treatment of remaining foreign oil companies and U.S. electricity companies.

¶20. (C) Redlines: Ecuador defaults on bilateral, multilateral or commercial debt. Dramatic increase in GOE regulation of the banking sector that forces Citibank out of Ecuador. GOE refuses to respect arbitral decision regarding seized Occidental Petroleum assets or seeks to terminate BIT.

Improve Municipal Governance and Support Decentralization

¶21. (C) Strong municipal leaders, especially in power centers of Quito and Guayaquil, could act as counterweights to a power-hungry Correa administration. As Minister of Economy, Correa supported decentralization, and publicly pledged to support a bill pending in Congress on decentralization favored by big city mayors. We should encourage the new government to go further to devolve authority and resources to the local level.

¶22. (C) Mayors and provincial leaders are also sources of unrest when the central government withholds resources. We will continue to encourage and support key mayors and provincial leaders to provide good governance to citizens, including transparent management and public participation in the allocation of public resources. These effective and strong democratic local leaders should increasingly serve as a model for more effective central governance, as a lobby for greater decentralization, and as a brake against undemocratic tendencies of the central government.

¶23. (C) Markers: Correa's choices of appointed governors. Preferential treatment of radical mayors.

Fight Corruption/Strengthen Rule of Law

¶24. (C) Congress and the Executive jointly select Ecuador's Comptroller Generals. Congress will select the next Attorney

General and Solicitor General. We will monitor the selection process for these key positions closely, seeking to encourage the selection of the best, least corrupt candidates in a transparent, merit-based process, perhaps with international and civil society oversight. To do so we will coordinate with other international donors and organizations including the OAS, UN, and Government of Spain.

¶25. (C) To raise public attention and costs for public corruption we will continue to submit 212(f) visa revocation cases to the Department and broaden our efforts by including cases involving corruption in the military. We will continue to push for prosecutions under the new anti-money-laundering law, criminal procedure code, and new anti-TIP law. We will continue to promote efforts to remove fugitive corrupt Ecuadorian citizens from the U.S. and educate the GOE on the requirements for extradition. We will look for ways to support any GOE efforts to promote transparency in areas such as public sector finances or improved public procurement procedures.

¶26. (SBU) Rule of law is weak in Ecuador, where laws are not enforced uniformly or respected, undermining confidence in democracy. Efforts to strengthen the judiciary need to be directed to lower courts and should involve citizen oversight. The Supreme Court re-constituted under great political stress a year ago should not be tampered with, unless as part of a broader reform to perfect the judicial system at large.

¶27. (C) Negative Markers: Backsliding in anti-corruption undermines USG law enforcement efforts. The Supreme Court is included as a topic for a Constituent Assembly to reform.

¶28. (C) Positive Markers: The Supreme Electoral Tribunal and Constitutional Court are reformed to reduce political control. President Correa and Alvaro Noboa fined for exceeding spending limits, and Correa pays up. The new Congress permits a civil society oversight mechanism to add transparency to its public deliberations.

¶29. (C) Redlines: The current Supreme Court is dissolved by Congress and packed with political allies. Unacceptable Attorney General, Comptroller General or Solicitor General selected.

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